

ASSEMBLY BILL

No. 819

Introduced by Assembly Member Sharon Runner

(Coauthors: Assembly Members Benoit, Blakeslee, DeVore, Gaines, Galgiani, Garrick, Jeffries, Maze, Nakanishi, Silva, Spitzer, and Strickland)

(Coauthors: Senators Dutton and Harman)

February 22, 2007

An act to amend Section 17072 of, and to add Section 17216 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 819, as introduced, Sharon Runner. Personal income taxes: deductions: tuition programs.

The Personal Income Tax Law allows various deductions in computing the income that is subject to the taxes imposed by that law.

This bill, for taxable years beginning on or after January 1, 2007, would authorize a deduction under that law for the amounts, as specified, contributed by a qualified taxpayer, as defined, to a qualified tuition program, as defined.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17072 of the Revenue and Taxation Code,
2 as amended by Section 4 of Chapter 691 of the Statutes of 2005,
3 is amended to read:

4 17072. (a) Section 62 of the Internal Revenue Code, relating
5 to adjusted gross income defined, shall apply, except as otherwise
6 provided.

7 (b) Section 62(a)(2)(D) of the Internal Revenue Code, relating
8 to certain expenses of elementary and secondary school teachers,
9 shall not apply.

10 (c) *The deduction allowed by Section 17216, relating to*
11 *contributions to qualified tuition programs, as defined in Section*
12 *529 of the Internal Revenue Code, is allowed in computing adjusted*
13 *gross income.*

14 (d) *The amendments made to this section by the act adding this*
15 *subdivision shall apply only to taxable years beginning on or after*
16 *January 1, 2007.*

17 SEC. 2. Section 17216 is added to the Revenue and Taxation
18 Code, to read:

19 17216. (a) For taxable years beginning on or after January 1,
20 2007, there shall be allowed as a deduction, subject to the
21 provisions of subdivision (b), an amount equal to the amount of
22 contributions made by a qualified taxpayer during the taxable year
23 to a qualified tuition program, as defined by Section 529 of the
24 Internal Revenue Code, as modified by Section 17140.3.

25 (b) The deduction allowed by this section may not exceed the
26 following amounts:

27 (1) Six thousand dollars (\$6,000) in the case of a married couple
28 filing a joint return or an individual filing a head of household
29 return.

30 (2) Three thousand dollars (\$3,000) in the case of a taxpayer
31 who is single or is a married individual filing a separate return.

32 (c) For purposes of this section, “qualified taxpayer” means an
33 individual who, on behalf of a beneficiary, contributes money to
34 a qualified tuition program and meets all of the other applicable
35 requirements of Section 529 of the Internal Revenue Code, as
36 modified by Section 17140.3.

37 (d) The deduction allowable pursuant to this section shall be
38 taken with respect to the taxable year in which the contribution is

- 1 made and shall be limited to the applicable dollar amount
- 2 determined under subdivision (b).
- 3 SEC. 3. This act provides for a tax levy within the meaning of
- 4 Article IV of the Constitution and shall go into immediate effect.

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